Message Text

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E.O. 11652: GDS

TAGS: EFIN, MCAP, NATO

SUBJ: BURDENSHARING: UK MILITARY PROCUREMENT IN THE US

REF: USNATO 2459

1. FOLLOWING IS THE TEXT OF A LETTER FROM THE UK DELEGATION PROVIDING AN ESTIMATED BREAKDOWN OF GOVERNMENT-TO-GOVERNMENT AND GOVERNMENT-TO-FIRM EXPENDITURES FOR UK DEFENSE PROCUREMENT

IN THE US FOR FY 1974.

2. BEGIN TEXT.

FINANCIAL PROBLEMS ARISING FROM THE STATIONING OF US FORCES IN EUROPE

DURING THE MEETINGS HELD AT THE BEGINNING OF MAY IN BRUSSELS WITH REPRESENTATIVES OF THE US ADMINISTRATION'S INTER-AGENCY WORKING GROUP ON BURDEN-SHARING, I WAS ASKED BY MR. FERREL

WHETHER THE UNITED KINGDOM AUTHORITIES COULD DISTINGUISH BETWEEN

GOVERNMENT-TO-GOVERNMENT AND GOVERNMENT-TO-FIRM EXPENDITURE IN THE TOTAL OF \$235 MILLION FOR UK DEFENCE EXPENDITURE OF THIS CONFIDENTIAL

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KIND IN THE US FOR FY 1974. I UNDERSTAND THAT THIS IFNROMATION IS REQUIRED TO FACILITATE AUDITING.

MY AUTHORITIES HAVE NOW EXAMINED STATISTICS AND INFORM ME THAT

SOME 85 PERCENT OF \$235 MILLION IS ACCOUNTED FOR BY GOVERNMENT-TO-GOVERNMENT TRANSACTIONS. NINE MAJOR PROJECTS (IN PARTICULAR THE MILITARY AIRCRAFT LOAN, POLARIS AND THE MK 46 TORPEDO) ACCOUNT FOR SOME \$200 MILLION. THE REST OF THE EXPENDITURE IS LARGELY MADE UP OF SMALL GOVERNMENT-TO-FIRM TRANSACTIONS.

I HOPE THIS INFORMATION IS HELPFUL. PLEASE LET ME KNOW IF ANYTHING FURTHER IS REQUIRED.

I AM SENDING A COPY OF THIS LETTER TO M. LAULAN IN THE ECONOMIC DIRECTORATE. END TEXT.MCAULIFFE

CONFIDENTIAL

<< END OF DOCUMENT >>

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TAGS: EFIN, MCAP, NATO

To: STATE SECDEF

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